

DECISION**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D.C. 20548

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**FILE:** B-210100**DATE:** October 12, 1983**MATTER OF:** Command, Control and Communications
Corporation**DIGEST:**

Award of sole-source contract for computer systems, providing for delivery over a 5-year period and systems support for 8 years beyond last delivery, based on need to acquire initial systems within short time, is improper where systems are not complex technologically and agency acknowledges that other vendors could duplicate system "if given enough time." Agency should consider limiting quantity procured sole source to those required to fulfill immediate needs, which we will not question here, during time needed to develop competitive procurement for balance of systems.

Command, Control and Communications Corporation (4C) has filed a protest of the sole-source award of a contract to Management and Technical Services Company (MATSCO) by the United States Army Computer Systems Selection and Acquisition Agency (Army). The contract is for a computer system known as the "DAS3-B" and related systems support. The protest is sustained.

Background

The DAS-3 is a mobile, trailer-mounted computer system intended to provide logistics, personnel and medical data processing support for military units both on-base and in the field. The systems are constructed by integrating and installing ruggedized, off-the-shelf, commercially available automatic data processing equipment, such as computers, printers, terminals, etc., in military trailer trucks capable of traveling with their assigned military units. The system is based on Honeywell Level 6 computers.

The original DAS3 contract was awarded to MATSCO in 1979 after a competitive procurement. This multiyear contract provided for the acquisition of 193 nondivisional

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systems, known as the "A" model, or DAS3-A, with options for an additional 73 DAS3-A systems and 58 larger Division/Corps systems, now known as the "B" model or DAS3-B, for a total of 329 systems. The DAS3-B system was configured to occupy two trailers; the DAS3-A occupied only one trailer. Production of DAS3-A's was to end in 1983.

The Army's assessment of its need for Division/Corps systems changed during the performance of the contract to require expansion of the system and an increase in the number of systems. In addition, technological advances during the performance of the contract permitted the DAS3-B to be reconfigured as a single-trailer system.

In June 1982, the Army issued a modification to the existing contracting to divert four DAS3-A models to produce four prototype single-trailer DAS3-B systems for testing and evaluation. In connection with this change order, the Army provided MATSCO with functional specifications and directed MATSCO to use the existing DAS3-A engineering as much as possible in order to enhance standardization and build on the existing "Integrated Logistics Support," encompassing the various manuals, training, spare parts and configuration management needed to support the system. (Configuration management is essentially the management of change--e.g., the identification of the basic system and the implementation and recording of subsequent modifications to hardware and software.) The resulting DAS3-B configuration has 80-percent commonality with the DAS3-A.

After consideration of available resources, the Army determined that October 1983 was the earliest date that the DAS-3B could be put in the field and established this date as the Initial Operational Capability (IOC) date, when the first systems were required to be in the field. The Army states that the systems are needed by October 1983 to replace the outmoded and vulnerable systems presently in use. The contracting officer stated that, in order to facilitate contract administration, the decision was made to acquire the "B" systems by a separate sole-source contract to MATSCO rather than by modification to MATSCO's existing contract.

On November 29, 1982, the Army issued a sole-source request for proposal to MATSCO for the production of 262 DAS3-B systems, which the Army describes as comprised of the 58 Corps/Division systems included as an option in the original contract, 53 redefined DAS3-A's remaining under the

option for 73 "A" systems in the original contract, and 151 new or additional systems. The resulting contract provides for the acquisition of these systems at the rate of about four systems per month, through 1988, with an option for a further 25 systems. The trailers are to provide protection from various forms of electromagnetic radiation and chemical, biological or radiological elements. The contract states that the contractor will provide systems support for 8 years beyond the date of delivery of the last system.

4C contends that the sole-source award of this contract is improper because: (1) the Army has not justified the "urgency" on which the sole source is apparently based; (2) the contract is for the simple integration of commercial automated data processing equipment not requiring a complex data package and asserts that the Army already has sufficient information to support a procurement of this nature. 4C also states that it has no objection if the Army procures a limited number of DAS3-B's on a sole-source basis during the time required to develop a competitive procurement, but objects to the Army acquiring the total requirement through sole source.

Army Position

The Army contends that the sole source was justified because it was not possible to conduct a competitive procurement in time to meet the Army's IOC date. In support of this assertion, the Army argues that only MATSCO already has the agreements in place needed to obtain access to the Honeywell Corporation proprietary information required for the configuration and support of the DAS3 system, although the Army concedes that other concerns might be able to gain access to this data "if sufficient time were available." The Army also states:

"We in the Army fully appreciate that given enough time and enough money any number of vendors could duplicate the DAS3-B system presently being fielded; however, we have neither the time nor the money to honor the principle of competition in the abstract."

The Army also asserts that the possibility that a competitive procurement might result in there being two support contractors, one for the DAS3-A and one for the DAS3-B, was unacceptable and states that the Army did not (and does not now) possess a data package sufficient to support a competitive procurement of a system as complex as

the DAS3-B, with its support requirements, and still assure the compatibility of all systems. In this latter regard, the Army points out that the DAS3-B contract is not just for the acquisition of bare systems, but includes long term requirements for training, documentation, and systems support, and that commonality and compatibility are necessary to assure that in wartime the Army is able to take parts from one system and use them in another without unnecessary complications. The Army argues that the introduction of a second contractor would be difficult to coordinate and would pose an undue risk to this commonality and compatibility. The Army states that acquiring only a limited number of DAS3-B's on a sole-source basis while it puts together a competitive procurement offers the same disadvantages noted above and contends that if the sole source was proper, "there is no requirement for the Army to subsequently break out portions of that legitimate and legal contract award for purposes of competition," citing Ampex Corporation, B-191132, June 16, 1978, 78-1 CPD 439. In this regard, the Army contends that we have approved the sole-source award of contracts for complex items employing sophisticated technology in circumstances similar to those here, citing Hughes Aircraft Company, 53 Comp. Gen. 670 (1974), 74-1 CPD 137.

GAO Analysis

Although the protester challenges the sole-source procurement, 4C also states that it "has no objection if the Army seeks to sole source a portion of the requirement to MATSCO during a time necessary to develop a competitive procurement." Given this mitigation of 4C's challenge to the Army's IOC date, we think 4C's real concern is that this sole-source procurement covers all of the Army's stated requirements for an extended period. We therefore will confine our consideration to this question.

We start our analysis of this question from the position that the requirement for maximum practicable competition in negotiated procurements conducted by agencies of the Department of Defense is not a mere "abstraction," but is a requirement established by statute. 10 U.S.C. § 2304(g) (1982). Under this statute, the proper conduct of a negotiated procurement requires that proposals be solicited from the maximum number of qualified sources consistent with the nature and requirements of the equipment or services being procured. A sole-source acquisition is authorized when the legitimate needs of the Government so require, e.g., when time is of the essence and only one known source can meet

the agency's needs within the required timeframe; when the needs of the agency can be met only by items that are unique; when it is necessary to assure compatibility between the procured and existing equipment; or when award to other than the proposed sole-source contractor would pose unacceptable technical risks. See International Business Corporation, B-198094.3, September 29, 1981, 81-2 CPD 258.

We will uphold a sole-source procurement if it has a reasonable or rational basis. Precision Dynamics Corporation, 54 Comp. Gen. 1114 (1975), 75-1 CPD 402; International Business Machines Corporation, supra. We will not approve, however, the sole-source procurement of a quantity of items--or a period of services--which extends the acquisition beyond the scope of its justification. See International Harvester Company, 61 Comp. Gen. 388 (1982), 82-1 CPD 459; H. Koch & Sons, B-202875, December 14, 1981, 81-2 CPD 463; Aerospace Research Associates, Inc., B-201953, July 15, 1981, 81-2 CPD 36; Applied Devices Corporation, B-187902, May 24, 1977, 77-1 CPD 362.

We share 4C's concern for the magnitude of this procurement and cannot ignore the fact that the Army is seeking to extend the acquisition of DAS3-B's through 1988 and systems support through 1996, well beyond the scope of the original competition and contract, while conceding that other potential offerors could duplicate the DAS3-B if "given enough time." In our view, these statements amount to an acknowledgment of potential competition for the Army's future requirements and a concession that these requirements are not so complex that only MATSCO could satisfy them--a conclusion, we note, we would reach in any event, given that the DAS3-B is composed principally of "commercially available, off-the-shelf" technology, with the exception of the protection system built into the trailer/system enclosure which, we note, is largely either government-furnished or constructed to government specifications. Furthermore, we find nothing in the general systems support activities for this "off-the-shelf, commercial" technology, such as providing spare parts, manuals and training, which is so complex or sophisticated that it either precludes performance by anyone other than MATSCO or is sufficient to bring this matter within the ambit of Hughes Aircraft Company, supra, which involved complex technical questions pertaining to the design, development and construction of sophisticated satellite systems. Moreover, while we appreciate the Army's concern that it would be difficult to introduce a new contractor and still assure system compatibility and commonality, it is our view that this problem is largely a function of

the specifications and configuration management during the procurement; in this regard, the Army had provided no evidence that this problem is of unmanageable proportions or that the specifications for the new contract cannot be drafted so as to make it possible for a contractor to assure compatibility and commonality.

We find similarly unpersuasive the Army's suggestion that a sole source of the total quantity is justified because the Army lacks a complete data package sufficient to support a competitive procurement. At the most, the Army's present lack of a data package would justify the sole-source acquisition of the number of systems needed to satisfy the Army's needs while the Army develops or otherwise obtains the information needed to support a procurement.

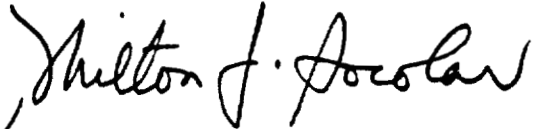
In sum, we do not find any persuasive justification for extending this acquisition for a period of 13 years. In our opinion, the Army has failed to justify the sole-source award of this contract beyond the minimum quantity needed to satisfy the Army's immediate needs, which we have not considered and will not question in this protest, to provide adequate time to prepare a competitive procurement for the Army's future requirements. The protest is sustained to this extent.

We recommend that the Army consider the preparation of a data package adequate to support the competitive procurement of these systems and, insofar as the Army views this contract as a continuation of the DAS3-A contract, the support of all systems, and the conduct of such a procurement. In this respect, we note that the sole-source contract, as modified, does provide for the acquisition by the Army of production drawings.

By letter of today, we are advising the Secretary of the Army of our recommendation.

This decision contains a recommendation for corrective action to be taken. Therefore, we are furnishing copies to the Senate Committees on Governmental Affairs and Appropriations and the House Committees on Government Operations and Appropriations in accordance with section 236 of the Legislative Reorganization Act of 1970, 31 U.S.C. § 720, formerly 31 U.S.C. § 1176 (1976), which requires the

submission of written statements by the agency to the committees concerning the action taken with respect to our recommendation.

for 
Comptroller General
of the United States